

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2014

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2014

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UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Unified School District No. 480
Liberal, Kansas 67901

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 480, as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

To the Board of Education
Unified School District No. 480
Liberal, Kansas 67901

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by Unified School District No. 480 to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 480 as of June 30, 2014, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Unified School District No. 480 as of June 30, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds, schedule of regulatory basis receipts, expenditures, and

To the Board of Education
Unified School District No. 480
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unencumbered cash-district activity funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards (Schedule 5 as listed in the table of contents) is presented for analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2014, on our consideration of Unified School District No. 480's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unified School District No. 480's internal control over financial reporting and compliance.

Hay•Rice & Associates, Chartered

November 4, 2014

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education
Unified School District No. 480
Liberal, Kansas 67901

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Unified School District No. 480, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statement, which comprise Unified School District No. 480's basic financial statement, and have issued our report thereon dated November 4, 2014, which was qualified because Unified School District No. 480 prepares its financial statements to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Board of Education
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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. Those are listed as 2014-1 and 2014-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 480's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School District's Response to Findings

The School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The School District's responses were not subjected to the auditing procedures applied to the audit of the financial statement and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hay•Rice & Associates, Chartered

November 4, 2014

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Statement 1

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS
For the fiscal year ended June 30, 2014

Funds	<u>Beginning</u> <u>Unencumbered</u> <u>Cash Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending</u> <u>Unencumbered</u> <u>Cash Balance</u>	<u>Add</u> <u>Encumbrances</u> <u>& Accounts</u> <u>Payable</u>	<u>Ending</u> <u>Cash</u> <u>Balance</u>
General Funds:						
General	\$ -	\$ 31,347,458	\$31,347,458	\$ -	\$ 296,189	\$ 296,189
Supplemental General	215,143	6,881,872	6,800,000	297,015	284,194	581,209
Special Purpose Funds:						
Driver Training	107,334	37,326	80,681	63,979	-	63,979
Capital Outlay	1,902,933	312,591	725,333	1,490,191	279,878	1,770,069
Professional Development	92,008	-	672	91,336	-	91,336
Special Education	901,584	3,575,285	3,773,170	703,699	52	703,751
KPERS Special Retirement Contribution	-	3,130,839	3,130,839	-	-	-
Bilingual Education	-	2,589,882	2,589,882	-	204,637	204,637
Vocational Education	21,000	238,506	217,506	42,000	-	42,000
At Risk 4 Year Old	44,084	338,295	326,525	55,854	34,632	90,486
At Risk	-	7,088,786	7,088,786	-	-	-
Gifts and Grants	64,791	236,190	180,370	120,611	16,999	137,610
Other Operations	321,484	30,374	1,488	350,370	10,752	361,122
Textbook Rental	339,371	111,586	57,255	393,702	37,157	430,859
1003A District Program Improvement	-	177,689	177,689	-	27,727	27,727
Secondary Program Improvement	-	49,485	49,485	-	-	-
Contingency Reserve	1,800,000	-	-	1,800,000	-	1,800,000
1003G South Middle School	(473,531)	511,558	38,027	-	-	-
Title I Low Income	-	895,002	841,255	53,747	1,544	55,291
Title I Migrant	(980)	387,497	412,641	(26,124)	5,952	(20,172)
Early Childhood Preschool	(33,820)	144,245	123,683	(13,258)	-	(13,258)
Title III English Language	-	216,516	216,516	-	400	400
21st Century Grant	(9,461)	310,959	303,892	(2,394)	1,920	(474)
Chapter I Carryover	-	125,000	125,000	-	-	-
Rural and Low Income School	-	50,537	50,537	-	8,200	8,200
Title VI B Pass Thru	-	810,151	810,151	-	-	-
Title VI B Discretionary Special Education	-	33,084	33,084	-	108	108
Early Childhood Pass Thru	-	11,414	11,414	-	-	-
Title II A Teacher Quality	-	189,333	189,333	-	1,091	1,091
Capital Project	-	132,870,000	400,521	132,469,479	-	132,469,479
Cost of Issuance	-	301,255	146,012	155,243	-	155,243
District Activities	129,882	666,837	668,829	127,890	-	127,890
Debt Service Fund – Bond and Interest	1,937,052	5,568,895	1,118,580	6,387,367	-	6,387,367
Proprietary Type Fund – Business Fund:						
Food Service	<u>207,659</u>	<u>2,776,162</u>	<u>2,862,231</u>	<u>121,590</u>	<u>-</u>	<u>121,590</u>
Total Reporting Entity (Excluding Agency Funds)	<u>\$7,566,533</u>	<u>\$202,014,609</u>	<u>\$64,898,845</u>	<u>\$144,682,297</u>	<u>\$1,211,432</u>	<u>\$145,893,729</u>

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Statement 1
(Continued)

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH – REGULATORY BASIS

For the fiscal year ended June 30, 2014

Composition of Cash:

Checking Account – First National Bank	\$ 10,536,674
Cafeteria Fund Checking Account – First National Bank	5,000
Activity Checking Accounts – First National Bank	39,414
Activity Checking Accounts – Sunflower Bank	49,803
Activity Savings Account – First National Bank	220,375
Petty Cash – First National Bank	1,000
Petty Cash on hand	850
Employee Deduction Checking Account – First National Bank	116,182

Composition of Investments:

U.S. Gov't Agency Obligations	123,863,918
State Municipal Obligations	252,055
Money Market Funds	<u>11,106,341</u>

Total Cash and Investments	\$146,191,612
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Agency Funds per Schedule 3	<u>(297,883)</u>
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Total Reporting Entity (Excluding Agency Funds)	<u>\$145,893,729</u>
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The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

Note 1: Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

Unified School District No. 480 is a municipal corporation governed by an elected seven-member board and the board is the basic level of government which has oversight responsibility and control over all activities related to the public school education in the City of Liberal. This regulatory financial statement presents only Unified School District No. 480 (the municipality).

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Regulatory Basis Fund Types

The following regulatory basis fund types comprise the financial activities of the School District for the fiscal year ended June 30, 2014:

Governmental Funds:

General Fund – The Chief Operating Fund – used to account for all resources except those required to be accounted for in another fund.

Special Purpose Funds – used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Regulatory Basis Fund Types (Continued)

Proprietary Fund:

Business Fund – funds financed in whole or in part by fees charged to users of the goods or services.

Fiduciary Fund:

Agency Fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

Reimbursed Expenses

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. the related disbursement was made in the current year on behalf of the payee
2. the item paid for was directly identifiable as having been used by or provided to the payee, and
3. the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. General capital assets that account for the land, buildings and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes and compensated absences are not presented in the financial statements.

Other Accounting Policies

Cash and Time Deposits

These liquid assets are shown in aggregate. K.S.A. 12-1671 and 12-1672 allow these assets to be shown in aggregate.

Time deposits are carried at cost plus accrued interest. The carrying amount of deposits is separately displayed as "cash and time deposits".

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Other Accounting Policies (Continued)

General Fixed Assets

General fixed assets purchased are recorded as expenditures at the time of purchase, except for assets acquired with federally assisted funds. Assets of the School District are not recorded in a permanent set of records.

Vouchers Payable

Vouchers payable are classified on the basis of a claim for payment resulting from legal title to property.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds.

In addition, encumbrances do constitute expenditures of a fund.

Unencumbered Cash Balances

The unencumbered cash balance is the unobligated resources of cash and time deposits of a fund.

Bonds Payable

Bonds which are outstanding at the end of the fiscal year.

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Reimbursements

Unified School District No. 480 records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding fiscal year ending June 30 on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. The budgets on the following funds were amended for the fiscal year ended June 30, 2014:

	<u>Increase</u>
General Fund	\$359,236
Special Education	100,000
Bilingual Education	226,089

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds:

Gifts and Grants	1003G South Middle School
Other Operations	Title I Low Income
Textbook Rental	Title I Migrant
1003A District Program Improvement	Early Childhood Preschool
Secondary Program Improvement	Title III English Language
Contingency Reserve	21st Century Grant
Chapter I Carryover	Early Childhood Pass Thru
Rural and Low Income School	Title II A Teacher Quality
Title VI B Pass Thru	District Activities
Title VI B Discretionary Special Education	

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Tax Cycle

The County Clerk must calculate the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the Clerk certifies the tax roll to the County Treasurer, who prepares tax statements and receives payments.

These taxes become a lien against all property on November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20th and May 10th. Delinquent taxes are assessed interest at 18% per annum. This interest is retained by the County.

Taxes levied to finance the budget are made available to the School District after January 1st and are distributed by the County Treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

Note 2: Stewardship, Compliance and Accountability

Compliance with Kansas Statutes

No noncompliance with Kansas Statutes noted.

Compliance with Finance-Related Legal and Contractual Provisions

References made herein to the statutes are not intended as interpretations of the law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and the legal representation of the School District. Finance-related legal and contractual provisions include Kansas statutes, regulations, contracts, debt covenants or other agreements. The General Fund shows adjustments for qualifying budget credits of \$378,429 on the budgetary comparison schedule. This is made up of reimbursed expenditures of \$376,882 and \$1,547 of state and federal reimbursement grants which are budget credits.

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

(Continued)

Note 2: Stewardship, Compliance and Accountability (Continued)

Authorized Over-Encumbered Cash Balance – Federal Funds

K.S.A. 12-1664 authorizes the financing from local sources for expenditures to be reimbursed by the federal government.

Note 3: Deposits and Investments

As of June 30, 2014, Unified School District No. 480 had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>1-4</u>
U.S. Gov't & Agency Obligations	\$123,626,953	\$34,779,608	\$88,847,345
State Municipal Obligations	251,720	251,720	-
Money Market Funds	<u>11,106,341</u>	<u>11,106,341</u>	<u>-</u>
Total Fair Value	<u>\$134,985,014</u>	<u>\$46,137,669</u>	<u>\$88,847,345</u>

K.S.A. 9-1401 establishes the depositories which may be used by Unified School District No. 480. The statute requires banks eligible to hold the School District's funds have a main or branch bank in the county in which Unified School District No. 480 is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. Unified School District No. 480 has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits Unified School District No. 480's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. Unified School District No. 480 has no investment policy that would further limit its investment choices.

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

(Continued)

Note 3: Deposits and Investments (Continued)

Concentration of Credit Risk – State statutes place no limit on the amount Unified School District No. 480 may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. Unified School District No. 480's allocation of investments as of June 30, 2014 is as follows:

<u>Investments</u>	<u>Percentage of Investments</u>
U.S. Gov't & Agency Obligations	91%
State Municipal Obligations	1%
Money Market Funds	8%

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, Unified School District No. 480's deposits may not be returned to it. State statutes require Unified School District No. 480's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. Unified School District No. 480 has not designated a "peak period". All deposits were legally secured at June 30, 2014.

At June 30, 2014, Unified School District No. 480's carrying amount of deposits was \$10,968,448 and the bank balance was \$9,261,408. The bank balance was held by three banks resulting in a concentration of credit risk. Of that bank balance, \$301,375 was covered by federal depository insurance and \$8,960,033 was collateralized with securities held by the pledging financial institutions' agents in Unified School District No. 480's name.

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, Unified School District No. 480 will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

(Continued)

Note 4: In-Substance Receipt in Transit

Unified School District No. 480 received \$3,537,772 subsequent to June 30, 2014 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2014.

Note 5: Capital Projects

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	<u>Project Authorization</u>	<u>Expenditures to Date</u>
School Construction and Improvement	\$127,865,000	\$400,521

Note 6: Interfund Transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
General Fund	Bilingual	KSA 72-6428	\$ 2,589,882
	Capital Outlay	KSA 72-6428	300,614
	Food Service	KSA 72-6428	25,000
	Special Education	KSA 72-6428	2,596,280
	Vocational Education	KSA 72-6428	200,620
	At Risk 4 Year Old	KSA 72-6428	326,230
	At Risk	KSA 72-6428	<u>7,088,786</u>
			<u>\$13,127,412</u>
Supplemental General	Special Education	KSA 72-6433	\$ 856,615
	Vocational Education	KSA 72-6433	<u>37,886</u>
			<u>\$ 894,501</u>
	Total		<u>\$14,021,913</u>

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

(Continued)

Note 7: Defined Benefit Pension Plan

Plan Description

Unified School District No. 480 participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Effective January 1, 2014, the KPERS member-employee contribution rate changed to 5% of covered salary for Tier 1 members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the statutory required employers share. The State of Kansas contributes 11.12% of covered payroll for the period of July 1, 2013 to June 30, 2014. The State of Kansas contribution to KPERS for all school municipalities for the year ending June 30, 2014 received as of June 30 was \$361,575,393.

Note 8: Other Long-Term Obligations from Operations

Compensated Absences

Vacation and Sick Pay

Unified School District No. 480's policy is to recognize the costs of vacations and other compensated absences when actually paid.

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

(Continued)

Note 8: Other Long-Term Obligations from Operations (Continued)

Vacation and Sick Pay (Continued)

Unified School District No. 480's policies regarding vacations permit twelve month employees with less than ten years of service to accumulate ten days of vacation. Employees with more than ten years of employment accumulate fifteen days of vacation. Teachers do not accumulate vacation. All vacation must be used by October 31 of the following year. Teachers, cafeteria personnel and aides earn sick leave at the rate of one day per month up to ten days per year, with a maximum of ninety days accumulation. Administration, secretaries and maintenance personnel earn sick leave at the rate of one day per month up to twelve days per year, with a maximum of ninety days accumulation. The School District has estimated the dollar amount of accumulated leave at June 30, 2014 at \$1,964,350.

Retirement Benefit

Eligible employees covered under the School District and the Liberal National Education Association agreement ratified August 20, 2012 may receive a single retirement benefit payment of \$1,000.

Other Post Employment Benefits

As provided by K.S.A. 12-5040, Unified School District No. 480 allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, Unified School District No. 480 is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), Unified School District No. 480 makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

(Continued)

Note 9: Risk Management and Self-Insurance

Property and Liability

Unified School District No. 480 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

Self-Insurance

Unified School District No. 480 established a benefit trust for health care costs and entered into a partially self-funded employees' health care costs agreement in the fiscal year 2012. This agreement allows the School District to assume a limited amount of liability by self-insuring a portion of the employee's medical expenses. Premiums paid for an excess coverage insurance policy cover individual claims in excess of \$75,000 and the School District is also protected by an aggregate stop-loss protection provision, which limits its liability on total self-insurance claims for a contract period. All claims handling procedures are performed by a third-party claims administrator. Liabilities for unpaid claims are those claims that are unpaid at year end. The plan year was changed from an October to September plan year to a July through June plan year effective July 1, 2013.

Note 10: Contingent Liabilities

Unified School District No. 480 participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives for audits of these programs for or including the year ending June 30, 2014. These compliance audits have not been conducted as of November 4, 2014. Accordingly, the School District's compliance with applicable grant agreements will be established at some future date. The amount of expenditures, which may be disallowed by the grantor agencies, cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial.

Note 11: Subsequent Events

Unified School District No. 480's management has evaluated events and transactions through November 4, 2014, the date which the financial statement was available to be issued.

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014
(Continued)

Note 12: Long-Term Debt

Changes in long-term liabilities for Unified School District No. 480 for the fiscal year ended June 30, 2014 were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General Obligation Bonds:									
Series 2003 Refunded Bonds	2.9-3.6%	6/15/03	\$ 20,345,000	9/01/18	\$10,680,000	\$ -	\$ 9,890,000	\$ 790,000	\$290,940
Series 2013 Refunded Bonds	3.00%	12/19/13	8,335,000	9/01/18	-	8,335,000	-	8,335,000	50,010
Series 2014 Improvement and Refunding Bonds	3.0-5.0%	6/10/14	128,245,000	9/01/39	-	128,245,000	-	128,245,000	-
Capital Leases Payable:									
Redskin Field Lease	5.32%	6/25/09	2,463,448	7/15/17	<u>1,364,511</u>	<u>-</u>	<u>314,750</u>	<u>1,049,761</u>	<u>68,461</u>
Total Contractual Indebtedness					<u>\$12,044,511</u>	<u>\$136,580,000</u>	<u>\$10,204,750</u>	<u>\$138,419,761</u>	<u>\$409,411</u>

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014
(Continued)

Note 12: Long-Term Debt (Continued)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	<u>6-30-15</u>	<u>6-30-16</u>	<u>6-30-17</u>	<u>6-30-18</u>	<u>6-30-19</u>	<u>6-30-20- 6-30-24</u>	<u>6-30-25- 6-30-29</u>	<u>6-30-30- 6-30-34</u>	<u>6-30-35- 6-30-39</u>	<u>6-30-40</u>	<u>Total</u>
Principal:											
General obligation bonds	\$1,830,000	\$1,875,000	\$3,265,000	\$3,360,000	\$3,465,000	\$19,790,000	\$24,905,000	\$30,930,000	\$39,015,000	\$8,935,000	\$137,370,000
Capital leases payable	<u>163,681</u>	<u>340,541</u>	<u>358,898</u>	<u>186,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,049,761</u>
Total principal	<u>\$1,993,681</u>	<u>\$2,215,541</u>	<u>\$3,623,898</u>	<u>\$3,546,641</u>	<u>\$3,465,000</u>	<u>\$19,790,000</u>	<u>\$24,905,000</u>	<u>\$30,930,000</u>	<u>\$39,015,000</u>	<u>\$8,935,000</u>	<u>\$138,419,761</u>
Interest:											
General obligation bonds	\$4,535,195	\$6,122,788	\$6,045,688	\$5,946,313	\$5,836,613	\$26,509,563	\$21,342,288	\$15,142,181	\$ 6,872,919	\$ 211,581	\$ 98,565,129
Capital leases payable	<u>27,924</u>	<u>42,670</u>	<u>24,312</u>	<u>4,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,871</u>
Total interest	<u>\$4,563,119</u>	<u>\$6,165,458</u>	<u>\$6,070,000</u>	<u>\$5,951,278</u>	<u>\$5,836,613</u>	<u>\$26,509,563</u>	<u>\$21,342,288</u>	<u>\$15,142,181</u>	<u>\$ 6,872,919</u>	<u>\$ 211,581</u>	<u>\$ 98,665,000</u>
Total Principal and Interest	<u>\$6,556,800</u>	<u>\$8,380,999</u>	<u>\$9,693,898</u>	<u>\$9,497,919</u>	<u>\$9,301,613</u>	<u>\$46,299,563</u>	<u>\$46,247,288</u>	<u>\$46,072,181</u>	<u>\$45,887,919</u>	<u>\$9,146,581</u>	<u>\$237,084,761</u>

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 1

SUMMARY OF EXPENDITURES—ACTUAL AND BUDGET
REGULATORY BASIS

For the fiscal year ended June 30, 2014

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
General Funds:						
General	\$31,169,549	\$ (200,520)	\$378,429	\$31,347,458	\$31,347,458	\$ -
Supplemental General	6,800,000	-	-	6,800,000	6,800,000	-
Special Purpose Funds:						
Driver Training	89,974	-	-	89,974	80,681	9,293
Capital Outlay	2,500,000	-	-	2,500,000	725,333	1,774,667
Professional Development	82,355	-	-	82,355	672	81,683
Special Education	4,978,432	-	-	4,978,432	3,773,170	1,205,262
KPERs Special Retirement Contribution	3,375,692	-	-	3,375,692	3,130,839	244,853
Bilingual Education	2,589,883	-	-	2,589,883	2,589,882	1
Vocational Education	217,506	-	-	217,506	217,506	-
At Risk 4 Year Old	370,315	-	-	370,315	326,525	43,790
At Risk	7,154,032	-	-	7,154,032	7,088,786	65,246
Debt Service Fund:						
Bond and Interest	1,216,710	-	-	1,216,710	1,118,580	98,130
Proprietary Type Fund:						
Business Fund:						
Food Service	2,909,312	-	-	2,909,312	2,862,231	47,081

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2

SCHEDULES OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-1

GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014

			<u>Variance</u> <u>Over</u> <u>(Under)</u>
<u>Receipts</u>	<u>Actual</u>	<u>Budget</u>	
Taxes and Shared Receipts:			
Ad valorem property tax	\$ 3,027,084	\$ 2,898,480	\$ 128,604
Delinquent tax	46,941	49,160	(2,219)
Mineral production tax	34,837	-	34,837
Pilot tax	9,952	-	9,952
Federal grants	1,547	-	1,547
General state aid	25,253,935	25,444,059	(190,124)
Special Education aid	2,596,280	2,777,850	(181,570)
Reimbursed expenditures	<u>376,882</u>	<u>-</u>	<u>376,882</u>
Total Receipts	<u>\$31,347,458</u>	<u>\$31,169,549</u>	<u>\$ 177,909</u>
<u>Expenditures</u>			
Instruction	\$10,291,899	\$ 9,666,487	\$ (625,412)
Student support services	1,216,630	1,164,952	(51,678)
Instructional support staff	811,218	830,740	19,522
General Administration	1,211,563	1,158,955	(52,608)
School Administration	2,268,591	2,280,228	11,637
Operations and maintenance	1,916,865	1,710,683	(206,182)
Student transportation services	66,954	31,000	(35,954)
Other support services	372,483	437,744	65,261
Food service operation	63,843	-	(63,843)
Operating transfers	13,127,412	13,888,760	761,348
Adjustment to comply with legal max	-	(200,520)	(200,520)
Adjustment for qualifying budget			
credits	<u>-</u>	<u>378,429</u>	<u>378,429</u>
Total Expenditures	<u>\$31,347,458</u>	<u>\$31,347,458</u>	<u>-</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	<u>-</u>		
Unencumbered Cash, Ending	<u>-</u>		

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-2

SUPPLEMENTAL GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014

			<u>Variance</u> <u>Over</u> <u>(Under)</u>
<u>Receipts</u>	<u>Actual</u>	<u>Budget</u>	
Taxes and Shared Receipts:			
Ad valorem property tax	\$3,039,910	\$2,825,426	\$ 214,484
Delinquent tax	38,533	42,074	(3,541)
Motor vehicle tax	301,604	282,320	19,284
RV tax	2,166	2,288	(122)
Pilot tax	9,278	-	9,278
Motor vehicle rental excise	420	-	420
Supplemental state aid	<u>3,489,961</u>	<u>3,432,749</u>	<u>57,212</u>
Total Receipts	<u>\$6,881,872</u>	<u>\$6,584,857</u>	<u>\$ 297,015</u>
<u>Expenditures</u>			
Instruction	\$ 495,651	\$ 329,756	\$ (165,895)
Instructional support staff	204,694	150,168	(54,526)
General Administration	39,740	70,000	30,260
Operations and maintenance	3,241,994	3,935,596	693,602
Student transportation services	987,825	904,480	(83,345)
Other support services	520,334	355,000	(165,334)
Facility acquisition and construction	415,261	-	(415,261)
Operating transfers	<u>894,501</u>	<u>1,055,000</u>	<u>160,499</u>
Total Expenditures	<u>\$6,800,000</u>	<u>\$6,800,000</u>	<u>-</u>
Receipts Over (Under) Expenditures	\$ 81,872		
Unencumbered Cash, Beginning	<u>215,143</u>		
Unencumbered Cash, Ending	<u>\$ 297,015</u>		

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-3

FOOD SERVICE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<u>Receipts</u>			
State aid	\$ 30,627	\$ 24,998	\$ 5,629
Federal grants	2,222,704	2,018,586	204,118
Fees and charges	465,994	509,570	(43,576)
Earnings on investments	2	-	2
Miscellaneous	31,835	30,000	1,835
Operating transfers	<u>25,000</u>	<u>119,259</u>	<u>(94,259)</u>
Total Receipts	<u>\$2,776,162</u>	<u>\$2,702,413</u>	<u>\$ 73,749</u>
<u>Expenditures</u>			
Operations and maintenance	\$ 15,403	\$ 23,500	\$ 8,097
Food service operations	<u>2,846,828</u>	<u>2,885,812</u>	<u>38,984</u>
Total Expenditures	<u>\$2,862,231</u>	<u>\$2,909,312</u>	<u>\$ 47,081</u>
Receipts Over (Under) Expenditures	\$ (86,069)		
Unencumbered Cash, Beginning	<u>207,659</u>		
Unencumbered Cash, Ending	<u>\$ 121,590</u>		

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-4

DRIVER TRAINING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>
<u>Receipts</u>			
State aid	\$ 14,110	\$ 16,100	\$ (1,990)
Miscellaneous	23,216	25,000	(1,784)
Operating transfers	<u>-</u>	<u>30,000</u>	<u>(30,000)</u>
Total Receipts	<u>\$ 37,326</u>	<u>\$ 71,100</u>	<u>\$ (33,774)</u>
<u>Expenditures</u>			
Instruction	\$ 79,643	\$ 84,974	\$ 5,331
Operations and maintenance	<u>1,038</u>	<u>5,000</u>	<u>3,962</u>
Total Expenditures	<u>\$ 80,681</u>	<u>\$ 89,974</u>	<u>\$ 9,293</u>
Receipts Over (Under) Expenditures	\$ (43,355)		
Unencumbered Cash, Beginning	<u>107,334</u>		
Unencumbered Cash, Ending	<u>\$ 63,979</u>		

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-5

CAPITAL OUTLAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS

For the fiscal year ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>
<u>Receipts</u>			
Taxes and Shared Receipts:			
Delinquent tax	\$ 4,082	\$ -	\$ 4,082
Motor vehicle tax	10	-	10
Earnings on investments	735	-	735
Miscellaneous	7,150	-	7,150
Operating transfers	<u>300,614</u>	<u>750,000</u>	<u>(449,386)</u>
Total Receipts	\$ <u>312,591</u>	\$ <u>750,000</u>	\$ <u>(437,409)</u>
<u>Expenditures</u>			
Instruction	\$ -	\$ 250,000	\$ 250,000
Support services	162,709	250,000	87,291
Facility acquisition and construction	<u>562,624</u>	<u>2,000,000</u>	<u>1,437,376</u>
Total Expenditures	\$ <u>725,333</u>	\$ <u>2,500,000</u>	\$ <u>1,774,667</u>
Receipts Over (Under) Expenditures	\$ (412,742)		
Unencumbered Cash, Beginning	<u>1,902,933</u>		
Unencumbered Cash, Ending	<u>\$1,490,191</u>		

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-6

PROFESSIONAL DEVELOPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>
<u>Receipts</u>	\$ -	<u>-</u>	<u>-</u>
<u>Expenditures</u>			
Instructional support staff	<u>672</u>	<u>\$ 82,355</u>	<u>\$ 81,683</u>
Receipts Over (Under) Expenditures	\$ (672)		
Unencumbered Cash, Beginning	<u>92,008</u>		
Unencumbered Cash, Ending	<u>\$ 91,336</u>		

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-7

SPECIAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<u>Receipts</u>			
Medicaid reimbursement	\$ 110,019	\$ 75,000	\$ 35,019
Miscellaneous	12,371	878,755	(866,384)
Operating transfers	<u>3,452,895</u>	<u>3,777,850</u>	<u>(324,955)</u>
Total Receipts	<u>\$3,575,285</u>	<u>\$4,731,605</u>	<u>\$ (1,156,320)</u>
<u>Expenditures</u>			
Instruction	\$3,537,875	\$4,756,206	\$ 1,218,331
General Administration	122,633	120,041	(2,592)
Operations and maintenance	20,091	36,785	16,694
Student transportation services	<u>92,571</u>	<u>65,400</u>	<u>(27,171)</u>
Total Expenditures	<u>\$3,773,170</u>	<u>\$4,978,432</u>	<u>\$ 1,205,262</u>
Receipts Over (Under) Expenditures	\$ (197,885)		
Unencumbered Cash, Beginning	<u>901,584</u>		
Unencumbered Cash, Ending	<u>\$ 703,699</u>		

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-8

BOND AND INTEREST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<u>Receipts</u>			
Taxes and Shared Receipts:			
Ad valorem property tax	\$ 837,946	\$ 809,879	\$ 28,067
Delinquent tax	15,369	12,520	2,849
Motor vehicle tax	89,777	84,027	5,750
RV tax	645	680	(35)
Pilot tax	2,567	-	2,567
Miscellaneous	125	-	125
State aid	620,395	620,395	-
Bond proceeds	<u>4,002,071</u>	<u>-</u>	<u>4,002,071</u>
Total Receipts	\$5,568,895	<u>\$1,527,501</u>	<u>\$4,041,394</u>
<u>Expenditures</u>			
Debt service	<u>1,118,580</u>	<u>\$1,216,710</u>	<u>\$ 98,130</u>
Receipts Over (Under) Expenditures	\$4,450,315		
Unencumbered Cash, Beginning	<u>1,937,052</u>		
Unencumbered Cash, Ending	<u>\$6,387,367</u>		

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-9

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>
<u>Receipts</u>			
State aid	\$3,130,839	\$3,375,692	\$ (244,853)
<u>Expenditures</u>			
Instruction	\$2,254,204	\$2,430,498	\$ 176,294
Student support services	62,617	67,514	4,897
Instructional support staff	125,233	135,028	9,795
General Administration	219,159	236,298	17,139
School Administration	62,617	67,514	4,897
Central Services	31,308	33,757	2,449
Operations and maintenance	219,159	236,298	17,139
Student transportation services	62,617	67,514	4,897
Food service operations	<u>93,925</u>	<u>101,271</u>	<u>7,346</u>
Total Expenditures	\$3,130,839	\$3,375,692	\$ 244,853
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	<u>-</u>		
Unencumbered Cash, Ending	<u>-</u>		

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-10

BILINGUAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>
<u>Receipts</u>			
Operating transfers	\$ <u>2,589,882</u>	\$ <u>2,589,883</u>	\$ <u>(1)</u>
<u>Expenditures</u>			
Instruction	\$2,497,374	\$2,516,096	\$ 18,722
Instructional support staff	34,222	20,000	(14,222)
General Administration	57,708	-	(57,708)
Operations and maintenance	<u>578</u>	<u>53,787</u>	<u>53,209</u>
Total Expenditures	\$ <u>2,589,882</u>	\$ <u>2,589,883</u>	\$ <u>1</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	<u>-</u>		
Unencumbered Cash, Ending	<u>-</u>		

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-11

VOCATIONAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>
<u>Receipts</u>			
Operating transfers	\$238,506	<u>\$196,506</u>	<u>\$ 42,000</u>
<u>Expenditures</u>			
Instruction	<u>217,506</u>	<u>\$217,506</u>	<u>-</u>
Receipts Over (Under) Expenditures	\$ 21,000		
Unencumbered Cash, Beginning	<u>21,000</u>		
Unencumbered Cash, Ending	<u>\$ 42,000</u>		

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-12

AT RISK 4 YEAR OLD FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>
<u>Receipts</u>			
Other revenue local	\$ 12,065	\$ -	\$ 12,065
Operating transfers	<u>326,230</u>	<u>326,230</u>	<u>-</u>
Total Receipts	<u>\$338,295</u>	<u>\$326,230</u>	<u>\$ 12,065</u>
<u>Expenditures</u>			
Instruction	\$325,100	\$370,315	\$ 45,215
General Administration	1,390	-	(1,390)
Other support services	<u>35</u>	<u>-</u>	<u>(35)</u>
Total Expenditures	<u>\$326,525</u>	<u>\$370,315</u>	<u>\$ 43,790</u>
Receipts Over (Under) Expenditures	\$ 11,770		
Unencumbered Cash, Beginning	<u>44,084</u>		
Unencumbered Cash, Ending	<u>\$ 55,854</u>		

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-13

AT RISK FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET – REGULATORY BASIS
For the fiscal year ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>
<u>Receipts</u>			
Operating transfers	<u>\$7,088,786</u>	<u>\$7,154,032</u>	<u>\$ (65,246)</u>
<u>Expenditures</u>			
Instruction	\$6,341,001	\$6,381,521	\$ 40,520
Student support services	39,298	52,666	13,368
Instructional support staff	<u>708,487</u>	<u>719,845</u>	<u>11,358</u>
Total Expenditures	<u>\$7,088,786</u>	<u>\$7,154,032</u>	<u>\$ 65,246</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	<u>-</u>		
Unencumbered Cash, Ending	<u>-</u>		

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2
(Continued)

SCHEDULES OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-14

GIFTS AND GRANTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

<u>Receipts</u>	
Miscellaneous	\$236,190
<u>Expenditures</u>	
Instruction	<u>180,370</u>
Receipts Over (Under) Expenditures	\$ 55,820
Unencumbered Cash, Beginning	<u>64,791</u>
Unencumbered Cash, Ending	<u>\$120,611</u>

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-15

OTHER OPERATIONS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

Receipts

Federal grants	\$ 315
State aid	400
Miscellaneous	<u>29,659</u>

Total Receipts	\$ 30,374
----------------	-----------

Expenditures

Student activities	<u>1,488</u>
--------------------	--------------

Receipts Over (Under) Expenditures	\$ 28,886
------------------------------------	-----------

Unencumbered Cash, Beginning	<u>321,484</u>
------------------------------	----------------

Unencumbered Cash, Ending	<u>\$350,370</u>
---------------------------	------------------

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-16

TEXTBOOK RENTAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

Receipts

Fees and charges	\$111,586
------------------	-----------

Expenditures

Instruction	<u>57,255</u>
-------------	---------------

Receipts Over (Under) Expenditures	\$ 54,331
------------------------------------	-----------

Unencumbered Cash, Beginning	<u>339,371</u>
------------------------------	----------------

Unencumbered Cash, Ending	<u>\$393,702</u>
---------------------------	------------------

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-17

1003A DISTRICT PROGRAM IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

<u>Receipts</u>	
Federal grants	\$ <u>177,689</u>
<u>Expenditures</u>	
Instruction	\$175,093
Operations and maintenance	<u>2,596</u>
Total Expenditures	\$ <u>177,689</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>-</u></u>

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-18

SECONDARY PROGRAM IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

Receipts

Federal grants	\$ <u>49,485</u>
----------------	------------------

Expenditures

Instruction	\$ 37,283
Instructional support staff	4,571
Student support services	3,727
Operations and maintenance	<u>3,904</u>

Total Expenditures	\$ <u>49,485</u>
--------------------	------------------

Receipts Over (Under) Expenditures	-
------------------------------------	---

Unencumbered Cash, Beginning	<u>-</u>
------------------------------	----------

Unencumbered Cash, Ending	<u><u>-</u></u>
---------------------------	-----------------

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-19

CONTINGENCY RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

<u>Receipts</u>	-
<u>Expenditures</u>	<u>-</u>
Receipts Over (Under) Expenditures	\$ -
Unencumbered Cash, Beginning	<u>1,800,000</u>
Unencumbered Cash, Ending	<u>\$1,800,000</u>

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-20

1003G SOUTH MIDDLE SCHOOL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

Receipts

Federal grants	\$ <u>511,558</u>
----------------	-------------------

Expenditures

Instruction	\$ 30,803
-------------	-----------

School Administration	6,495
-----------------------	-------

Operations and maintenance	<u>729</u>
----------------------------	------------

Total Expenditures	\$ <u>38,027</u>
--------------------	------------------

Receipts Over (Under) Expenditures	\$ 473,531
------------------------------------	------------

Unencumbered Cash, Beginning	<u>(473,531)</u>
------------------------------	------------------

Unencumbered Cash, Ending	<u><u>-</u></u>
---------------------------	-----------------

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-21

TITLE I LOW INCOME FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

Receipts

Federal grants	\$895,002
----------------	-----------

Expenditures

Instruction	\$596,631
Instructional support staff	36,645
Student support services	163,027
General Administration	35,395
Community service	<u>9,557</u>

Total Expenditures	\$841,255
--------------------	-----------

Receipts Over (Under) Expenditures	\$ 53,747
------------------------------------	-----------

Unencumbered Cash, Beginning	<u>-</u>
------------------------------	----------

Unencumbered Cash, Ending	<u>\$ 53,747</u>
---------------------------	------------------

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-22

TITLE I MIGRANT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

Receipts

Federal grants	\$387,497
----------------	-----------

Expenditures

Instruction	\$217,497
Instructional support staff	1,894
Student support services	36,862
School Administration	44,619
Operations and maintenance	3,560
Student transportation services	107,568
Food service operation	<u>641</u>

Total Expenditures	\$412,641
--------------------	-----------

Receipts Over (Under) Expenditures	\$ (25,144)
------------------------------------	-------------

Unencumbered Cash, Beginning	<u>(980)</u>
------------------------------	--------------

Unencumbered Cash, Ending	\$ <u>(26,124)</u>
---------------------------	--------------------

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-23

EARLY CHILDHOOD PRESCHOOL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

<u>Receipts</u>	
Miscellaneous	\$ <u>144,245</u>
<u>Expenditures</u>	
Instruction	\$118,600
Operations and maintenance	<u>5,083</u>
Total Expenditures	\$ <u>123,683</u>
Receipts Over (Under) Expenditures	\$ 20,562
Unencumbered Cash, Beginning	<u>(33,820)</u>
Unencumbered Cash, Ending	\$ <u>(13,258)</u>

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-24

TITLE III ENGLISH LANGUAGE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

<u>Receipts</u>	
Federal grants	<u>\$216,516</u>
<u>Expenditures</u>	
Instruction	\$ 70,880
Instructional support staff	<u>145,636</u>
Total Expenditures	<u>\$216,516</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u>-</u>

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-25

21ST CENTURY GRANT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

Receipts

Federal grants	\$280,611
Fees and charges	<u>30,348</u>

Total Receipts	<u>\$310,959</u>
----------------	------------------

Expenditures

Instruction	\$270,212
School Administration	31,272
Operations and maintenance	68
Food service operations	<u>2,340</u>

Total Expenditures	<u>\$303,892</u>
--------------------	------------------

Receipts Over (Under) Expenditures	\$ 7,067
------------------------------------	----------

Unencumbered Cash, Beginning	<u>(9,461)</u>
------------------------------	----------------

Unencumbered Cash, Ending	<u>\$ (2,394)</u>
---------------------------	-------------------

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-26

CHAPTER I CARRYOVER FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

<u>Receipts</u>	
Federal grants	\$ <u>125,000</u>
<u>Expenditures</u>	
Instruction	\$104,719
Instructional support staff	<u>20,281</u>
Total Expenditures	\$ <u>125,000</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>-</u></u>

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-27

RURAL AND LOW INCOME SCHOOL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

Receipts

Federal grants

\$ 50,537

Expenditures

Instruction

50,537

Receipts Over (Under) Expenditures

-

Unencumbered Cash, Beginning

-

Unencumbered Cash, Ending

-

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-28

TITLE VI B PASS THRU FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

<u>Receipts</u>	
Federal grants	\$810,151
<u>Expenditures</u>	
Instruction	<u>810,151</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u>-</u>

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-29

TITLE VI B DISCRETIONARY SPECIAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

<u>Receipts</u>	
Federal grants	\$ <u>33,084</u>
<u>Expenditures</u>	
Instruction	\$ 31,751
Operations and maintenance	<u>1,333</u>
Total Expenditures	\$ <u>33,084</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>-</u></u>

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-30

EARLY CHILDHOOD PASS THRU FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

Receipts

Federal grants

\$ 11,414

Expenditures

Instruction

11,414

Receipts Over (Under) Expenditures

-

Unencumbered Cash, Beginning

-

Unencumbered Cash, Ending

-

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-31

TITLE II A TEACHER QUALITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
For the fiscal year ended June 30, 2014

<u>Receipts</u>	
Federal grants	\$189,333
<u>Expenditures</u>	
Instruction	<u>189,333</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u>-</u>

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-32

CAPITAL PROJECT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

Receipts

Bond proceeds	\$132,870,000
---------------	---------------

Expenditures

Facility acquisition and construction	<u>400,521</u>
---------------------------------------	----------------

Receipts Over (Under) Expenditures	\$132,469,479
------------------------------------	---------------

Unencumbered Cash, Beginning	<u>-</u>
------------------------------	----------

Unencumbered Cash, Ending	<u>\$132,469,479</u>
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UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 2-33

COST OF ISSUANCE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the fiscal year ended June 30, 2014

Receipts

Bond proceeds	\$301,255
---------------	-----------

Expenditures

Cost of issuance	<u>146,012</u>
------------------	----------------

Receipts Over (Under) Expenditures	\$155,243
------------------------------------	-----------

Unencumbered Cash, Beginning	<u>-</u>
------------------------------	----------

Unencumbered Cash, Ending	<u>\$155,243</u>
---------------------------	------------------

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 3

AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
For the fiscal year ended June 30, 2014

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 3

AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS

For the fiscal year ended June 30, 2014

<u>Funds</u>	<u>Beginning</u> <u>Cash</u> <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending</u> <u>Cash</u> <u>Balance</u>
Student Organization Funds:				
Liberal High School:				
Art Menagerie	\$ 410	\$ 2,036	\$ 1,498	\$ 948
BFF	37	-	-	37
Cheerleaders	-	40,706	34,778	5,928
Dance Team	2,399	3,672	4,959	1,112
FBLA	-	11,257	11,079	178
FCCLA	2,569	6,334	7,688	1,215
Key Club	782	2,600	2,546	836
Naturkunshapkubb	881	4,297	3,645	1,533
National Honor Society	1,904	5,105	3,076	3,933
Student Council	5,267	15,398	16,244	4,421
Thespians	264	3,032	1,725	1,571
Thespian Trip	203	-	1	202
Class of 1965 to Present	11,528	976	-	12,504
Senior Class 2012	85	-	85	-
Senior Class 2013	1,087	5	1,087	5
Senior Class 2014	2,290	1,835	1,035	3,090
Junior Class 2015	787	6,897	5,716	1,968
Sophomore Class 2016	1,304	1,298	114	2,488
Freshman Class 2017	-	1,438	115	1,323
Debate	1,386	12,241	11,167	2,460
Newspaper	2,813	1,538	632	3,719
Scholarship	60,968	36,250	33,706	63,512
Alternative School	547	651	539	659
Journalism	91	-	-	91
Mirage Yearbook	2,123	21,796	14,704	9,215
HOBY	225	75	300	-
ID Badges	774	-	-	774
Lanyards	-	48	48	-
Jr-Sr Prom	-	425	425	-
TV Broadcasting	390	369	574	185

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 3
(Continued)

AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
For the fiscal year ended June 30, 2014

<u>Funds</u>	<u>Beginning</u> <u>Cash</u> <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending</u> <u>Cash</u> <u>Balance</u>
Liberal High School (Continued):				
Young Republicans	362	-	-	362
Robotics	1,622	-	-	1,622
Fees	1,124	111,040	112,164	-
AP Account	1,224	1,675	1,203	1,696
Odyssey of the Mind	2,470	5,854	6,870	1,454
AVID	1,226	9,373	9,755	844
Achieve	649	2,000	1,965	684
To Life	53	-	-	53
Verizon	512	-	103	409
Counselors' College Trips	-	2,710	2,710	-
Stand Out	<u>1,969</u>	<u>1,501</u>	<u>2,412</u>	<u>1,058</u>
Total Liberal High School	<u>\$112,325</u>	<u>\$ 314,432</u>	<u>\$ 294,668</u>	<u>\$132,089</u>
South Middle School:				
Cheerleaders	\$ 5,682	\$ 8,337	\$ 7,705	\$ 6,314
Fees	-	18,399	18,015	384
General	360	-	360	-
National Jr. Honor Society	-	3,038	1,539	1,499
Poley Scholarship	161	-	-	161
Yearbook	580	5,871	5,207	1,244
Apache Shirts	213	4,641	4,745	109
History	496	-	496	-
Home Ec Beef	22	-	-	22
Planners	-	1,213	1,208	5
AVID	603	1,258	817	1,044
Grants	3,601	-	-	3,601
Robotics	-	250	-	250
Student of the Month	-	580	343	237
Student Council Sales	-	3,616	1,382	2,234
FCCLA	<u>-</u>	<u>6,367</u>	<u>4,421</u>	<u>1,946</u>
Total South Middle School	<u>\$ 11,718</u>	<u>\$ 53,570</u>	<u>\$ 46,238</u>	<u>\$ 19,050</u>

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 3
(Continued)

AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
For the fiscal year ended June 30, 2014

<u>Funds</u>	<u>Beginning</u> <u>Cash</u> <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending</u> <u>Cash</u> <u>Balance</u>
West Middle School:				
Builders Club	\$ 145	\$ -	\$ -	\$ 145
National Jr. Honor Society	-	4,113	3,880	233
Student Council	459	3,359	3,038	780
Fees	-	22,638	22,591	47
Science Club	492	471	830	133
Odyssey of the Mind	40	292	-	332
Technology	204	-	-	204
Cultural Awareness	1,198	16,182	16,853	527
Girls PE	828	577	379	1,026
American History	54	-	-	54
F.A.C.S.–Beef Council	7	350	350	7
AVID	410	893	824	479
Newspaper/Media/Yearbook	299	3,812	4,111	-
Total West Middle School	\$ <u>4,136</u>	\$ <u>52,687</u>	\$ <u>52,856</u>	\$ <u>3,967</u>
Sunflower Intermediate School:				
4-H Club	\$ 303	-	-	\$ 303
6th Grade Funds	96	-	-	96
5th Grade Funds	361	-	-	361
4th Grade Funds	124	-	-	124
Newspaper and Yearbooks	948	-	-	948
Spirit Club	11,061	-	-	11,061
Student Council	3,815	-	-	3,815
Odyssey of the Mind	246	-	-	246
Total Sunflower Intermediate School	\$ <u>16,954</u>	<u>-</u>	<u>-</u>	\$ <u>16,954</u>

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 3
(Continued)

AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
For the fiscal year ended June 30, 2014

<u>Funds</u>	<u>Beginning</u> <u>Cash</u> <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending</u> <u>Cash</u> <u>Balance</u>
McKinley Elementary School:				
Activity Fund	\$ <u>993</u>	\$ <u>2,857</u>	\$ <u>2,242</u>	\$ <u>1,608</u>
Southlawn Elementary School:				
Activity Fund	\$ 285	\$ 1,450	\$ 1,143	\$ 592
Friends of Education	<u>11</u>	<u>-</u>	<u>11</u>	<u>-</u>
Total Southlawn	\$ <u>296</u>	\$ <u>1,450</u>	\$ <u>1,154</u>	\$ <u>592</u>
MacArthur Elementary School:				
AR Candy	\$ 15	-	\$ 15	-
St. Jude's	<u>3</u>	<u>-</u>	<u>3</u>	<u>-</u>
Total MacArthur	\$ <u>18</u>	<u>-</u>	\$ <u>18</u>	<u>-</u>
McDermott Elementary School:				
Activity Fund	\$ <u>7,340</u>	\$ <u>6,483</u>	\$ <u>6,382</u>	\$ <u>7,441</u>
Total Student Organization Funds	\$153,780	\$ 431,479	\$ 403,558	\$181,701
Employee Deduction Fund	<u>94,190</u>	<u>5,749,281</u>	<u>5,727,289</u>	<u>116,182</u>
Total Agency Funds	<u>\$247,970</u>	<u>\$6,180,760</u>	<u>\$6,130,847</u>	<u>\$297,883</u>

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 4

DISTRICT ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, EXPENDITURES AND
UNENCUMBERED CASH – REGULATORY BASIS
For the fiscal year ended June 30, 2014

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 4

DISTRICT ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, EXPENDITURES AND
UNENCUMBERED CASH – REGULATORY BASIS
For the fiscal year ended June 30, 2014

<u>Funds</u>	<u>Beginning</u> <u>Unencumbered</u> <u>Cash</u> <u>Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending</u> <u>Unencumbered</u> <u>Cash</u> <u>Balance</u>
Liberal High School:				
Gate Receipts:				
Athletics	\$ 72,974	\$272,236	\$277,218	\$ 67,992
Musical	<u>4,139</u>	<u>1,770</u>	<u>5,909</u>	<u>-</u>
Subtotal Gate				
Receipts	\$ <u>77,113</u>	\$ <u>274,006</u>	\$ <u>283,127</u>	\$ <u>67,992</u>
School Projects:				
Concessions	\$ 24,726	\$ 54,783	\$ 51,358	\$ 28,151
Charity Donations	4,152	3,443	4,045	3,550
Band	9,081	165,149	170,897	3,333
Vocal	<u>1,509</u>	<u>8,399</u>	<u>7,896</u>	<u>2,012</u>
Subtotal School				
Projects	\$ <u>39,468</u>	\$ <u>231,774</u>	\$ <u>234,196</u>	\$ <u>37,046</u>
Total Liberal High School	<u>\$116,581</u>	<u>\$505,780</u>	<u>\$517,323</u>	<u>\$105,038</u>
South Middle School:				
Gate Receipts – Athletics	\$ <u>256</u>	\$ <u>35,291</u>	\$ <u>32,737</u>	\$ <u>2,810</u>
School Projects:				
Band	\$ -	\$ 720	\$ 488	\$ 232
Concessions	677	10,865	9,472	2,070
Library	<u>101</u>	<u>-</u>	<u>-</u>	<u>101</u>
Subtotal School				
Projects	\$ <u>778</u>	\$ <u>11,585</u>	\$ <u>9,960</u>	\$ <u>2,403</u>
Total South Middle School	<u>\$ 1,034</u>	<u>\$ 46,876</u>	<u>\$ 42,697</u>	<u>\$ 5,213</u>
West Middle School:				
Gate Receipts – Athletics	\$ <u>10,301</u>	\$ <u>53,762</u>	\$ <u>55,567</u>	\$ <u>8,496</u>
School Projects:				
Band	\$ -	\$ 2,445	\$ 2,445	\$ -
Concessions	<u>928</u>	<u>10,331</u>	<u>10,109</u>	<u>1,150</u>
Subtotal School				
Projects	\$ <u>928</u>	\$ <u>12,776</u>	\$ <u>12,554</u>	\$ <u>1,150</u>
Total West Middle School	<u>\$ 11,229</u>	<u>\$ 66,538</u>	<u>\$ 68,121</u>	<u>\$ 9,646</u>

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 4
(Continued)

DISTRICT ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, EXPENDITURES AND
UNENCUMBERED CASH – REGULATORY BASIS
For the fiscal year ended June 30, 2014

<u>Funds</u>	<u>Beginning</u> <u>Unencumbered</u> <u>Cash</u> <u>Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending</u> <u>Unencumbered</u> <u>Cash</u> <u>Balance</u>
Sunflower Intermediate School:				
School Projects:				
Hospitality Fund	\$ <u>373</u>	\$ <u>45,948</u>	\$ <u>38,328</u>	\$ <u>7,993</u>
MacArthur Elementary School:				
School Projects:				
Hospitality Fund	\$ <u>536</u>	\$ <u>908</u>	\$ <u>1,444</u>	<u>-</u>
McDermott Elementary School:				
School Projects:				
Hospitality Fund	\$ <u>129</u>	\$ <u>787</u>	\$ <u>916</u>	<u>-</u>
Total District Activity Funds	<u>\$129,882</u>	<u>\$666,837</u>	<u>\$668,829</u>	<u>\$127,890</u>

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Education
Unified School District No. 480
Liberal, Kansas 67901

Report on Compliance for Each Major Federal Program

We have audited Unified School District No. 480’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Unified School District No. 480’s major federal programs for the fiscal year ended June 30, 2014. Unified School District No. 480’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Unified School District No. 480’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with the *Kansas Municipal Audit and Accounting Guide*; auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Unified School District No. 480’s compliance.

To the Board of Education
Unified School District No. 480
Liberal, Kansas 67901

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Opinion on Each Major Federal Program

In our opinion, Unified School District No. 480 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Unified School District No. 480 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 480's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-1 and 2014-2, that we consider to be significant deficiencies.

To the Board of Education
Unified School District No. 480
Liberal, Kansas 67901

Page 3

Unified School District No. 480's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Unified School District No. 480's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Hay•Rice & Associates, Chartered

November 4, 2014

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 5

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the fiscal year ended June 30, 2014

<u>Federal Grantor/Pass Through Grantor</u> <u>Program or Cluster Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>
U. S. Department of Agriculture – Passed		
Through Kansas Department of Education:		
Child Nutrition Cluster:		
National School Lunch Program:	10.555	
Section 4		\$1,472,789
Section 11		48,462
Cash for Commodities		<u>135,226</u>
Total National School Lunch Program		<u>\$1,656,477</u>
School Breakfast Program	10.553	<u>\$ 433,895</u>
Summer Food Service Program for Children:	10.559	
SFS Food		\$ 47,356
SFS CFC		265
SFS Sponsor Administrative		<u>4,921</u>
Total Summer Food Service Program		<u>\$ 52,542</u>
Total Child Nutrition Cluster		<u>\$2,142,914</u>
Fresh Fruit and Vegetable Program	10.582	\$ 79,439
Team Nutrition Training Grant	10.574	350
Federal School Food Service	10.560	<u>1,247</u>
Total		<u>\$ 81,036</u>
Total U.S. Department of Agriculture		<u>\$2,223,950</u>
U. S. Department of Education – Passed		
Through Kansas Department of Education:		
Special Education Cluster (IDEA):		
Special Education Preschool Grants	84.173	\$ 11,414
Special Education Grants to States	84.027	<u>843,235</u>
Total Special Education Cluster		<u>\$ 854,649</u>
School Improvement Grants Cluster:		
School Improvement Grants (Section 1003G)	84.377	\$ 211,558
School Improvement Grants (Section 1003GA-ARRA)	84.388	<u>300,000</u>
Total School Improvement Grants Cluster		<u>\$ 511,558</u>

UNIFIED SCHOOL DISTRICT NO. 480
 Liberal, Kansas

Schedule 5
 (Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the fiscal year ended June 30, 2014

<u>Federal Grantor/Pass Through Grantor</u> <u>Program or Cluster Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>
U. S. Department of Education – Passed		
Through Kansas Department of Education (Continued):		
Title I Grants to Local Educational Agencies:		
Program Improvement	84.010	\$ 177,689
Title I Low Income	84.010	<u>1,020,002</u>
Total Title I Grants to Local Educational Agencies		<u>\$1,197,691</u>
21st Century Community Learning Centers	84.287	\$ 280,611
Program Improvement	84.048	49,485
English Language Acquisition Grants	84.365	216,516
Migrant Education – State Grant Program	84.011	388,478
Improving Teacher Quality State Grants	84.367	189,633
Rural and Low Income School Program	84.358	<u>50,537</u>
Total Grants		<u>\$1,175,260</u>
Total U.S. Department of Education		<u>\$3,739,158</u>
U.S. Department of Health and Human Services		
Passed Through Kansas Health Policy Authority:		
Youth Risk Behavior Survey	93.938	\$ <u>315</u>
Total Expenditures of Federal Awards		<u>\$5,963,423</u>

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

NOTE TO SCHEDULE 5
June 30, 2014

General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of Unified School District No. 480. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included on the schedule.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented using the regulatory basis of accounting, which are accounting practices prescribed by the State of Kansas and are described in Note 1 to the School District's regulatory basis financial statement.

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the fiscal year ended June 30, 2014

Major Program Findings

Significant Deficiency 2013-1

Condition – There is inadequate segregation of duties over the payroll function.

Recommendation – We recommend that additional compensating controls be developed to reduce the increased likelihood of misstatements due to error or fraud that results from inadequate segregation of duties and access controls within the School District's accounting system. We recommend that human resources set up and maintain employee master records and implement an authorization or approval process for changes to the payroll system.

Current Status – The School District is attempting to shift responsibilities to Human Resources in an attempt to segregate duties.

Significant Deficiency 2013-2

Condition – The tests of payroll and expenditures revealed the lack of proper supporting documentation or proper approval.

Recommendation – We recommend that responsible parties be diligent in obtaining and properly filing support for every expense paid.

Current Status – The School District has and will continue to stress that proper documentation and approval is required on all disbursements.

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 6

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the regulatory basis financial statements of Unified School District No. 480.
2. Significant deficiencies relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Unified School District No. 480 were disclosed during the audit.
4. Significant deficiencies relating to the audit of the major federal awards were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Unified School District No. 480 expresses an unmodified opinion.
6. There were audit findings relating to major programs that were required to be reported in accordance with Section 510(a) of OMB Circular A-133 in this schedule.
7. The programs tested as major programs include:
 - Migrant Education – State Grant Program CFDA #84.011
 - Child Nutrition Cluster CFDA #10.553, 10.555, 10.559
 - Title I Grants to Local Educational Agencies CFDA #84.010
 - Special Education Cluster CFDA #84.027, 84.173
 - School Improvement Grants Cluster CFDA #84.377, 84.388
8. The threshold for determining type A and B programs was:
 - Type A – the larger of \$300,000 or 3% of total federal awards expended
 - Type B – any programs that do not meet type A criteria specified above
9. Unified School District No. 480 was not determined to be a low-risk auditee.

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 6
(Continued)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

B. FINDINGS – FINANCIAL STATEMENTS

Significant Deficiency 2014-1

Condition – There are inadequate segregation of duties over the payroll function.

Criteria – Duties should be segregated so that functions such as initiation, authorization, recording and processing are handled by separate individuals or departments. Security and access to the computerized accounting system can help support the segregation of duties by placing limitations on which employees can access different parts of the computerized accounting system.

Cause – Duties have not been appropriately segregated and security has not been appropriately implemented.

Effect – Inadequate segregation of duties and security increases the risk that misstatements due to fraud or error will occur.

Recommendation – We recommend that controls be implemented to reduce the risk of misstatement due to error or fraud that may result from inadequate segregation of duties and security.

Management's Response (unaudited) – Management is aware of the lack of segregation of duties and is attempting to take steps to implement the recommendation.

UNIFIED SCHOOL DISTRICT NO. 480
Liberal, Kansas

Schedule 6
(Continued)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

B. FINDINGS – FINANCIAL STATEMENTS (Continued)

Significant Deficiency 2014-2

Condition – The tests of payroll and expenditures revealed a lack of proper support and approval.

Criteria – The School District requires proper approval of all expenditures and the major programs tested require proper approval of all expenditures and support for all payroll.

Cause – Responsible parties failed to properly approve all expenses and obtain proper support for all payroll.

Effect – The lack of proper approval of expenditures increases the risk that misstatements due to fraud or error will occur. The lack of proper support could result in noncompliance with the grant agreement and the cost being disallowed.

Recommendation – We recommend that proper approval for all expenditures and proper support for all payroll be obtained.

Management's Response (unaudited) – Management agreed with recommendation and is taking steps to implement it.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

Significant Deficiency 2014-1 – See above for details.

Questioned Costs – Unknown.

Significant Deficiency 2014-2 – See above for details.

Questioned Costs – Unknown.

To the Board of Education
Unified School District No. 480
Liberal, Kansas 67901

We have audited the financial statements of Unified School District No. 480 for the fiscal year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 23, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Unified School District No. 480 are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2014. We noted no transactions entered into by Unified School District No. 480 during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

To the Board of Education
Unified School District No. 480
Liberal, Kansas 67901

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Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 4, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the cash basis and budget laws of the State of Kansas, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the Board of Education
Unified School District No. 480
Liberal, Kansas 67901

Page 3

Restriction on Use

This information is intended solely for the use of the School Board and management of Unified School District No. 480 and is not intended to be, and should not be, used by anyone other than these specified parties.

Hay•Rice & Associates, Chartered

November 4, 2014

November 4, 2014

To the Board of Education
Unified School District No. 480
401 N. Kansas Avenue
Liberal, KS 67901

In planning and performing our audit of the financial statements of Unified School District No. 480 as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

The memorandum that accompanies this letter summarizes some comments and suggestions regarding strengthening internal controls and operating efficiency. This letter does not affect our report dated November 4, 2014 on the financial statements of Unified School District No. 480.

Sincerely,

of HAY•RICE & ASSOCIATES, CHARTERED

CH:ss

Payroll

The School District currently has numerous employees who have access to the payroll system. The School District should consider placing the responsibility of adding new employees, adding or changing pay rates, removing employees or any other changes to the payroll system with the Human Resources department. Restricting this responsibility to the Human Resources department will help address the risks that are currently present as a result of the inadequate segregation of duties.

Federal Programs

When 100% of an employee's wages are charged to a single federal program that employee must complete a semi-annual time and effort report. When an employee's wages are charged to multiple federal programs or funds that employee must complete a monthly time and effort report. We identified instances in which there were no time and effort reports on file for employees whose wages were charged to a major federal program. We also identified instances in which the time and effort reports on file were not the correct kind based on how the employee's wages were charged to major federal programs. We recommend that the time and effort reporting rules be reviewed with all individuals responsible for federal programs.

When there is a disbursement charged to a federal program in the form of a transfer, the transfer should be approved by the federal program administrator and there should be an invoice to support the transfer.

There are situations in which a purchase order is not prepared for an expenditure. In these situations the invoice should be approved by the federal program administrator or another appropriate administrator.

Activity Funds

The following are issues that we identified at the activity fund level that the School District needs to evaluate:

- 1) There were several instances in which there was inadequate segregation of duties.
- 2) There were many instances in which there was not approval of disbursements by the activity fund administrator.
- 3) There were many instances in which disbursements did not have adequate support.
- 4) There were many instances in which adjusting journal entries were not approved and did not have adequate support.
- 5) Some of the activity funds did not supply monthly financial reports to central office, the activity fund administrator or the student activity fund sponsors.
- 6) Activity funds should only be used for student activity funds or district activity funds that benefit students. Many of the activity funds were utilized for activities that were not student related which is not allowed.

Activity Funds (Continued)

- 7) There were some bank accounts that were utilizing the School District's federal identification number and these bank accounts were not activity funds and have not been reported on the School District's financial statement.
- 8) A few of the activity funds did not account for student activities separately from activities that were not student related.
- 9) There are scholarship funds being administered at the activity fund level. There is a scholarship bank account that is not being reported by an activity fund or by the School District. These do not appear to be student or district activity funds that can be accounted for at the activity fund level.

The School District should review with the activity fund administrators and bookkeepers the *Kansas State Department of Education's Guidelines for School Activity Funds* which provides guidance on activity funds.

Accounting Procedures Manual

The School District does not have an accounting procedures manual. The School District should consider developing an accounting procedures manual which should help define responsibilities, reduce errors, encourage consistency, reduce inefficiencies and promote proper accounting principles.

An accounting procedures manual will also help provide guidance to those responsible for administering and accounting for activity funds.